

## Insights: Innovation

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## Four Traps that Hinder Breakthrough Products

It is no secret that breakthrough products sell big. Sales of breakthrough products within any given category typically dwarf line extensions or incremental innovation. Yet, innovation methodologies in many firms have become orthodoxies that reinforce incrementalism and hinder breakthroughs.

Conventional wisdom often includes the following **orthodoxy traps**:

- Stick with what you know.
- Focus groups are the way to generate product insights.
- Companies should rely on internal resources first for innovation.
- Companies should come up with as many ideas as possible and let the best rise to the top.

### Trap #1: Stick with what you know

When companies free themselves from this orthodoxy, they move beyond the development of the latest "flavor of the day". Rather, they take significant steps towards revenue and profit growth - such as extending products into adjacent categories, creating platforms that support products across multiple categories, or moving into a white space between categories.

#### **Better Approach:**

**Extend products into adjacent categories.** Extending your brand into complementary categories is an excellent way to reinvigorate growth that is not achievable in a mature and competitive category.

**Create platforms that support multiple categories.** Technology platforms that transcend product categories are not only a cost-effective way to conduct business, but also inspire breakthrough concepts.

**Move into white spaces between categories.** Many breakthrough innovations spring up in the white spaces between existing categories. The opportunities to fulfill unmet customer needs are the greatest there.

### Trap #2: Rely on focus groups

Admittedly, focus groups are quick, cost-effective, and well understood. However, they rarely predict whether customers will be aware of or understand novel technologies that underpin truly innovative products.

#### **Better Approach:**

If you are seeking breakthroughs, a successful way to utilize focus groups is to first discover and understand the game-changing technologies yourself. Then present these concepts to focus groups in a way that the participants can understand the possibilities, react to them, and build upon them.

### Trap #3: Rely solely on internal resources

Historically, most companies have relied primarily on their internal capabilities to innovate. Yet, the majority of patents arise outside the top firms. Leading companies constitute only a tiny fraction of the world's innovators.

#### Better Approach:

Our experience indicates that few companies look beyond their internal resources to the many external sources of insights such as suppliers, start-up firms, entrepreneurs, and inventors. Technology sources that are almost always overlooked are those outside a firm's own industry. These are the sources that can offer the greatest opportunity for one-upping your competitors.

### Trap #4: Focus on as many ideas as possible

Many companies have more ideas than the resources to develop them. These firms come up with as many ideas as possible, creating portfolios loaded with less risky, incremental ideas. The approach does provide a constant stream of predictable ideas that help to maintain market share and achieve short-term financial goals. However, there the approach represents a significant opportunity cost, and it can lull a firm into being blindsided by the next competitive breakthrough.

#### Better Approach:

Risk and reward constitute two key elements for every opportunity to be evaluated against. Risk includes both technical risk and market risk, and reward can be determined by using benchmark disruptive products. BIC has developed a methodology and specific criteria to provide this objective evaluation, rather than relying solely on intuition or political pressure.

**Incremental innovations and breakthrough products are not developed in the same way. Breakthroughs begin with a systematic and active process that actively searches for and assesses potentially game changing technologies and concepts. These gems frequently originate outside the walls of your firm...and even outside the boundaries of your industry.**

*"Our worst nightmare is to be caught by surprise by a competitor and running to catch up. BIC provided us with a more accurate picture of the outside world ...something we are not resourced to do."* Global Director, Advanced Technology, Colgate-Palmolive

*"BIC's process is intuitive and very thorough, allowing for those in charge of innovation functions to know that no stone has been left unturned"* Worldwide Director of Long Term Innovation, Colgate-Palmolive